



Department of Justice

United States Attorney Leura G. Canary
Middle District of Alabama

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CONTACT: Retta Goss
Telephone (334) 223-7280

www.usdoj.gov/usao/alm

AS APRIL 18 TAX DEADLINE APPROACHES, INCREASED FEDERAL PROSECUTIONS CONTINUE TO SEND MESSAGE THAT TAX FRAUD CAN MEAN PROSECUTION AND PRISON TIME

MONTGOMERY, ALABAMA – The United States Attorney's Office in the Middle District of Alabama, the Department of Justice's Tax Division and the Internal Revenue Service (IRS), Criminal Investigation Division announced today that more tax-related criminal cases are being pursued by IRS investigators and federal prosecutors and the public should be aware committing tax fraud can mean prosecution and prison time.

"Tax cheats hurt all honest citizens. By stealing from the public fisc, they impose an undue financial hardship on the rest of society. In this time of lean government resources, it is all the more important to prosecute those who commit tax fraud. I applaud the fine work of the agents of the IRS Criminal Investigation Division, the Assistant United States Attorneys for the Middle District of Alabama, and the Department of Justice Tax Division Trial Attorneys in these cases," Leura G. Canary, United States Attorney for the Middle District of Alabama, stated today.

"Citizens who pay their fair share of taxes can rest assured that the Department of Justice will continue to prosecute those who choose to engage in tax fraud. Individuals who prepare and file false or frivolous tax returns or evade their taxes risk criminal prosecution resulting in substantial penalties, including prison," said John A. DiCicco, Principal Deputy Assistant Attorney General of the Justice Department's Tax Division.

"There have been a significant number of tax fraud cases recently in the Montgomery, Alabama and surrounding area. These cases are in the very capable hands of the U.S. Department of Justice Tax Division and the U.S. Attorney's Office, whose prosecutors are working tirelessly to fight tax fraud. Another important factor in the fight against tax fraud is public awareness. As part of the IRS Criminal Investigation mission, we are working to deter tax fraud through education and publicity. By educating the public about tax scams and letting people know that the government does catch and punish offenders, we hope to deter potential tax offenders. IRS Criminal Investigation works year round to uncover and investigate tax fraud and we are committed to dedicating as many resources as possible to maintain the integrity of the U.S. tax system," said Reginael D. McDaniel, IRS Criminal Investigation Special Agent in Charge, Atlanta Field Office.

Recent tax cases investigated, charged and prosecuted in this district include the following:

THOMAS AND KATHY FRYE of Andalusia, Alabama, were indicted on November 17, 2010 for conspiring to defraud the United States, tax evasion and filing a false claim for tax refund. The indictment also charges THOMAS FRYE with passing fictitious financial instruments. According to the indictment, beginning in 1999, THOMAS and KATHY FRYE conspired to defraud the United States by submitting IRS forms to their employers that falsely claimed they were exempt from federal income tax. They also filed false federal income tax returns that understated their income. In late 2008, THOMAS and KATHY FRYE filed a false refund claim with the IRS in the amount of \$317,990. The indictment further alleges that when the IRS attempted to collect the back taxes owed by the FRYEs, THOMAS FRYE submitted false financial instruments to the IRS to purportedly pay their taxes. FRYE represented to the IRS that one of the false instruments had a value of \$100 billion. Trial is scheduled for August 22, 2011 and THOMAS FRYE faces a maximum of 105 years in prison and KATHY FRYE faces a maximum of 30 years in prison.

ALCHICO GRANT, VERONICA DALE, LAQUANTA GRANT, ISAAC DAILEY and LEROY HOWARD were indicted on December 14, 2010, on a variety of charges stemming from an identity theft and tax fraud conspiracy. All five were charged with conspiring to defraud the United States by filing false claims. DALE was charged with 24 counts of filing false tax returns, two counts of theft of government funds and two counts of aggravated identity theft. Additionally, GRANT was charged with four counts of theft of government funds; DAILEY was charged with three counts of theft of government funds; and HOWARD was charged with two counts of theft of government funds. According to the indictment, the defendants participated in a conspiracy spanning almost two years and involved using stolen identities to file tax returns claiming millions of dollars of fraudulent refunds. The indictment alleges that DALE filed false tax returns using others' names and Social Security numbers and deposited the fraudulent refunds into bank account she and her co-conspirators controlled. DALE, ALCHICO, GRANT and LAQUANTA GRANT recruited people to set up bank accounts to deposit the tax refunds; HOWARD and DAILEY were two of those who agreed to have their bank accounts used for such a purpose. In all, the conspirators defrauded the United States of more than \$2 million. HOWARD pled guilty on March 10, 2011 to conspiracy and is awaiting sentencing. BETTY WASHINGTON and WENDY DELBRIDGE also pled guilty to conspiracy. The remaining defendants are scheduled for a July 11, 2011 trial date.

JANIKA FERNAE BATES, of Millbrook, Alabama, was indicted on January 21, 2011, for identity theft, wire fraud and conspiracy to make false claims for tax refunds. BATES was previously employed at Electronic Data Systems in Montgomery, Alabama. According to the indictment, BATES obtained the names and Social Security numbers of student loan borrowers from the databases at her employer and conspired to use the stolen identifying information to steal money from the government. The indictment further alleges that BATES and a co-conspirator fraudulently obtained refund anticipation loans from the bank HSBC predicated on the fraudulently filed tax returns. Trial is scheduled for the June 20, 2011 trial calendar.

SHARON D. THURMAN, of Elmore County, Alabama, was convicted on February 25, 2011 of making false claims, two counts of theft of government money and two counts of aggravated identity theft. According to the indictment and evidence introduced during trial, THURMAN owned and operated Sharon's Tax Service in Elmore. Between January and April 2008, THURMAN filed 14 fraudulent tax returns using stolen identities. THURMAN directed the tax refunds for those returns to be deposited into her bank accounts. At trial, the 14 victims of identity theft testified that they did not know THURMAN, they did not authorize her to file tax returns on their behalf, the tax returns filed by THURMAN were fictitious and they did not receive any of the tax refunds from those false returns. Sentencing is scheduled for May 24, 2011.

JEFFREY LEON CEASER and ORA MAE ADAMSON, both of Montgomery County, Alabama, pled guilty to conspiring to defraud the United States and one count of identity theft. CEASER was sentenced to 36 months in prison and ADAMSON was sentenced to 46 months in prison. Additionally, both CEASER and ADAMSON were ordered to pay \$621,738.41 in restitution to the United States. ERIC BERNARD CALDWELL, also of Montgomery County, Alabama, was separately charged with conspiracy to file false claims and theft of government funds arising out of the same scheme. According to allegations in court documents and the indictment, between March 2009 and September 2009, CEASER, ADAMSON and CALDWELL conspired with each other and others, to defraud the United States by filing 158 false federal income tax returns. CEASER and ADAMSON fraudulently obtained names and Social Security numbers of individuals; CALDWELL provided identifying information to ADAMSON. ADAMSON would then file false tax returns in these individuals' names without their authorization. The tax returns falsely claimed the first-time home buyer credit and fuel tax credit. The refunds from the false tax returns were deposited into bank accounts controlled by CEASER, ADAMSON and other co-conspirators. In all, the IRS disbursed \$621,738 in false refunds. CALDWELL is awaiting trial.

JOHN JACKSON, the former mayor of White Hall, Ala., pled guilty to one count of filing a false tax return on March 11, 2011. According to court documents, JACKSON admitted filing a false joint 2004 U.S. Individual Income Tax Return, Form 1040, that did not report all of the total income earned by Jackson and his spouse. JACKSON also admitted in his plea to filing false joint Individual Income Tax Returns, Forms 1040, for 2005 and 2006, which failed to report all of the total income earned by him and his spouse. Sentencing has been set for June 29, 2011 and JACKSON faces a maximum of three years in prison, three years of supervised release and a maximum fine of \$250,000 or twice the loss resulting from his offense.

PATRICIA and MONTY ERVIN, of Dothan, Alabama, were charged with three counts of tax evasion and one count of conspiring to defraud the United States. PATRICIA ERVIN was also charged with structuring cash deposits to evade laws requiring banks to report currency transactions in excess of \$10,000. According to the indictment, MONTY ERVIN and PATRICIA ERVIN owned and managed Southern Realty, a property management company in Dothan. They placed properties in the names of nominees in an attempt to conceal their income and assets from the IRS. Trial is scheduled for October 24, 2011.

LORETTA and TRACEY FERGERSON were indicted on March 23, 2011 with conspiring to defraud the United States, filing false claims, wire fraud and aggravated identity theft. According to the indictment, LORETTA FERGERSON operated Fast Tax Cash, a tax return preparation business in Montgomery, Alabama, from January 2005 to February 2008. The indictment alleges that the defendants' conspiracy involved using stolen identities to file tax returns claiming fraudulent refunds. The indictment further alleged TRACEY FERGERSON unlawfully obtained the names and Social Security numbers of individuals and LORETTA FERGERSON would then electronically file false tax returns using this information, and apply for and obtain refund anticipation loans from banks based on the false tax returns. Trial of the FERGERSONS is scheduled for July 11, 2011.

DONNA PAUL and her husband WILLIAM PAUL, formerly of Montgomery, Alabama, were indicted by a federal grand jury and charged with four counts of tax evasion for the tax years 2004 through 2007. According to the indictment, DONNA PAUL was a board-certified physician with a specialty in rheumatology. She and her husband, WILLIAM PAUL operated several non-profit organizations that provided medical services. The indictment alleges that the PAULS attempted to evade the assessment of DONNA PAUL'S income by falsely characterizing DONNA PAUL'S income as loans, by making false statements to IRS employees, and by deliberately causing the non-profit organizations to not file tax returns. The indictment further alleged DONNA PAUL did not file a U.S. Individual Income Tax Return, IRS Form 1040, between 2003 and 2007 and WILLIAM PAUL has not filed an IRS Form 1040 since the 1980s. If convicted, Donna Paul and William Paul face a maximum of 20 years in prison and a maximum fine of \$1,000,000. Trial is scheduled for July 11, 2011.

An indictment merely alleges that crimes have been committed. Defendants are presumed innocent until proven guilty beyond a reasonable doubt.

These investigations were conducted by Special Agents of the IRS Criminal Investigation Division. The criminal cases are being prosecuted by United States Attorneys in the United States Attorney's Office for the Middle District of Alabama and Department of Justice Tax Division Trial Attorneys.